



2014 Capitalization Rate Study

Scheduled Airlines

MONTANA DEPARTMENT OF REVENUE

Direct Capitalization Rate Study Industry: Scheduled Passenger Airlines 2014 Assessment Year

Equity Measures Calculated:

E/P estimates:

All	Median	
6.85%	4.62%	Yahoo
6.60%	5.27%	Value Line
6.72%	4.95%	Average

Inverse of P/E Ratios:

5.78%	5.31%	Yahoo
7.25%	6.22%	Value Line
6.51%	5.76%	Average of Inverse of the P/E
6.69%	7.14%	Inverse of median P/E, Value Line
6.62%	5.36%	Average of all above except median P/E

Mean = 6.63% 5.71%

Median = 6.69% 5.31%

Equity Measure NUOI = **7.00%**

Debt Measure Calculated, Current Yield:

Annual	4th Qtr	
7.23%	6.91%	ALL
5.31%	5.34%	BBB- & Above
-----	-----	BB- & Above
Mean = 6.27%	6.12%	
Median = 5.31%	5.34%	

Debt Measure = **6.91%**

Industry Market Capital Structure Net Utility Operating Income (NUOI) Rate					
Equity	59.66%	x	7.00%	=	4.18%
Debt	40.34%	x	6.91%	=	2.79%
	100.00%				6.96%
Direct Cap Rate NUOI =					7.00%

Gross Cash Flow / Price:

All	Median	
17.00%	17.71%	Value Line

Equity Measure Gross = **17.75%**

Industry Market Capital Structure Gross Cash Flow (GCF) Rate					
Equity	59.66%	x	17.75%	=	10.59%
Debt	40.34%	x	6.91%	=	2.79%
	100.00%				13.38%
Direct Cap Rate GCF =					13.50%

MONTANA DEPARTMENT OF REVENUE

Direct Capitalization Rate Study Industry: Scheduled Freight Airlines 2014 Assessment Year

Equity Measures Calculated:

E/P estimates:

All	Median	
5.65%	5.51%	Yahoo
5.50%	4.52%	Value Line
5.57%	5.02%	Average

Inverse of P/E Ratios:

6.01%	2.31%	Yahoo
6.12%	4.69%	Value Line
6.07%	3.50%	Average of Inverse of the P/E
6.94%	5.56%	Inverse of median P/E, V. L.
5.82%	4.26%	Average of all above except median P/E

Mean = 6.04% 4.52%

Median = 6.01% 4.69%

Debt Measure Calculated: Current Yield

Annual	4th Qtr	
5.07%	5.29%	ALL
5.07%	5.29%	BBB- & Above
-----	-----	BB- & Above

Mean = 5.07% 5.29%

Median = 5.07% 5.29%

Debt Measure = **5.30%**

Equity Measure NUOI = **6.00%**

Industry Market Capital Structure Net Utility Operating Income (NUOI) Rate					
Equity	90.59%	x	6.00%	=	5.44%
Debt	9.41%	x	5.30%	=	0.50%
	100.00%				5.93%
Direct Cap Rate NUOI =					6.00%

Gross Cash Flow / Price:

All	Median	
10.27%	8.63%	Value Line

Equity Measure Gross = **10.00%**

Industry Market Capital Structure Gross Cash Flow Rate (GCF)					
Equity	90.59%	x	10.00%	=	9.06%
Debt	9.41%	x	5.30%	=	0.50%
	100.00%				9.56%
Direct Cap Rate GCF =					9.75%

MONTANA DEPARTMENT OF REVENUE

Yield Capitalization Rate Study Industry: Scheduled Airlines 2014 Assessment Year

Equity Measures Calculated:

	Passenger	Freight
Dividend Growth Model	10.00%	9.20%
Capital Asset Pricing Model	10.05%	8.95%
Mean =	10.03%	9.07%

Equity Measure FCF = **10.25%** **8.80%**

Debt Measures Calculated, Yield to Maturity:

	All Bonds				20 Year Plus Bonds			
	Passenger		Freight		Passenger		Freight	
	Annual	4th Qtr	Annual	4th Qtr	Annual	4th Qtr	Annual	4th Qtr
A	----	----	2.82%	2.90%	----	----	----	----
BBB's	2.87%	2.68%	4.04%	4.35%	5.79%	5.88%	5.13%	5.58%
NR	6.71%	5.35%	---	---	3.04%	2.97%	---	---
All =	3.79%	4.06%	3.79%	4.06%	5.13%	5.58%	5.13%	4.42%
Mean =	4.79%	4.02%	4.04%	4.35%	4.41%	4.42%	5.13%	5.58%
Median =	4.79%	4.02%	4.04%	4.35%	4.41%	4.42%	5.13%	5.58%

Debt Measure Passenger= **6.00%**
Debt Measure Freight= **5.60%**

Yield Cap Rate Free Cash Flow - Passenger					
Equity	59.66%	x	10.25%	=	6.12%
Debt	40.34%	x	6.00%	=	2.42%
	100.00%				8.54%
Weighted Average Cost of Capital (WACC) =					8.75%

Yield Cap Rate Free Cash Flow - Freight					
Equity	90.59%	x	8.80%	=	7.97%
Debt	9.41%	x	5.60%	=	0.53%
	100.00%				8.50%
Weighted Average Cost of Capital (WACC) =					8.50%

Where Assumed Growth Rate = Inflation

see appendix for calculation

US Inflation Calculator 12/31/2013 1.50%

Growth = **1.50%**

MONTANA DEPARTMENT OF REVENUE

Support for Industry Capital Structure from Value Line and Yahoo Finance

Industry: Airlines

2014 Assessment Year

A	B	C	D	E	F	G	H	I	J	K	L
Company	Ticker Symbol	(VL) Fin Str	(VL) Shares (000)	(YAHOO) Avg Price Common 4th Qtr	(VL) Book Value Per Share	Mkt Value Common DxE	(VL) Book Value Common DxF	(VL) Book Value Preferred (000)	(VL) Book Value Debt (000)	Mkt/Book Debt Ratio	Mkt Value Pref. & Debt
AMR Corp.	AAMRQ		335,300	0.00	(23.82)	0	(7,986,846)	0	8,314,000	1.00	8,314,000
Allegiant Travel	ALGT	B++	19,300	105.44	20.71	2,034,992	399,703	0	139,200	1.00	139,200
Alaska Air Group	ALK	B+	70,400	73.37	20.19	5,165,248	1,421,376	0	871,000	1.00	871,000
Delta Air Lines	DAL	C++	851,400	27.47	(2.50)	23,387,958	(2,128,500)	0	11,082,000	1.00	11,082,000
JetBlue Airways	JBLU	C++	281,000	8.54	6.72	2,399,740	1,888,320	0	2,457,000	1.00	2,457,000
US Airways Group	LCC	C++	196,979	22.55		4,441,876			5,911,000	1.00	5,911,000
Southwest Airlines	LUV	B+	730,300	18.84	9.57	13,758,852	6,988,971	0	2,883,000	1.00	2,883,000
Republic Airways Holdings Inc	RJET	C+	48,600	10.69	10.57	519,534	513,702	0	1,843,300	1.00	1,843,300
Spirit Airlines	SAVE	B++	72,500	45.41	8.03	3,292,225	582,175	0	0	1.00	0
SkyWest	SKYW	B	51,800	14.79	26.78	766,122	1,387,204	0	1,470,600	1.00	1,470,600
United Cont'l Hldgs.	UAL	C++	332,500	37.83	1.45	12,578,475	482,125	0	11,232,000	1.00	11,232,000
Atlas Air Worldwide	AAWW	B+	26,400	41.15	48.57	1,086,360	1,282,248	0	1,149,300	1.00	1,149,300
Air T Inc	AIRT	B	2,400	11.97	11.50	28,728	27,600	0	0	1.00	0
Air Transport Services Grp.	ATSG	C++	64,100	8.09	4.67	518,569	299,347	0	343,200	1.00	343,200
FedEx Corp.	FDX	A+	318,000	143.77	54.71	45,718,860	17,397,780	0	2,739,000	1.00	2,739,000
United Parcel Serv.	UPS	A	953,000	105.08	4.88	100,141,240	4,650,640	0	11,089,000	1.00	11,089,000

SUMS & AVERAGES

ALL

215,838,779

37,321,191

61,523,600

61,523,600

PASSENGER AIRLINES

68,345,022

13,663,576

46,203,100

46,203,100

MEDIAN OF PASSENGER AIRLINES

3,867,051

984,690

2,670,000

2,670,000

FREIGHT CARRIERS

147,493,757

23,657,615

15,320,500

15,320,500

MEDIAN OF FREIGHT CARRIERS

1,086,360

1,282,248

1,944,150

1,944,150

FOREIGN CARRIERS -British Air, World Air Holdings &

WestJet Airlines Ltd.

Data not used because of outliers and bankruptcy

* Bold denotes operations in Montana

** All **Negative** values left out of calculations

INDUSTRY MARKET STRUCTURE:						
	ALL		Passenger Airlines		Freight	
EQUITY	77.82%	215,838,779	59.66%	68,345,022	90.59%	147,493,757
DEBT	22.18%	61,523,600	40.34%	46,203,100	9.41%	15,320,500
TOTAL	100.00%	277,362,379	100.00%	114,548,122	100.00%	162,814,257

Notes/Rational for Changes to Guideline Companies

2014 NOTES

AMR. Corp merged with US Airways in December data no longer available for ticker AMMRQ and LLC now trades under AAL

MONTANA DEPARTMENT OF REVENUE

Support for Industry Capital Structure from Value Line and Yahoo Finance

Industry: Airlines

2014 Assessment Year

A	B	M	N	O	P	Q	R	S	T	U	V	W	X	Y
Company	Ticker Symbol	(YAHOO) EPS	(YAHOO) E/P M/E	(VL) EPS	(VL) E/P O/E	(VL) CF/S	(VL) CF/P Q/E	(YAHOO) P/E	(YAHOO) Inverse of P/E 1/S	(VL) P/E	(VL) Inverse of P/E 1/U	(VL) Median P/E	(VL) Inverse of Median P/E 1/W	(VL) Beta
AMR Corp.	AAMRQ			1.84										1.55
Allegiant Travel	ALGT	4.67	4.43%	4.90	4.65%	8.50	8.06%	94.37	1.06%	19.26	5.19%			0.65
Alaska Air Group	ALK	6.66	9.08%	5.20	7.09%	9.30	12.68%	60.03	1.67%	13.13	7.62%	14.00	7.14%	1.05
Delta Air Lines	DAL	2.42	8.81%	2.82	10.27%	4.95	18.02%	19.81	5.05%	8.74	11.44%			1.30
JetBlue Airways	JBLU	0.38	4.45%	0.45	5.27%	1.60	18.74%	6.78	14.76%	16.20	6.17%			1.25
US Airways Group	LCC	2.92	12.95%			4.60	20.40%	17.94	5.57%					
Southwest Airlines	LUV	0.86	4.56%	0.99	5.25%	2.25	11.94%	14.05	7.12%	16.38	6.11%	26.00	3.85%	1.05
Republic Airways Holdings Inc	RJET	0.47	4.40%	0.89	8.33%			10.81	9.25%					1.05
Spirit Airlines	SAVE	2.10	4.62%	2.30	5.06%	2.70	5.95%	31.38	3.19%	17.04	5.87%			1.00
SkyWest	SKYW	1.23	8.32%	1.25	8.45%	5.85	39.55%	14.45	6.92%	10.69	9.35%	11.00	9.09%	1.10
United Cont'l Hldgs.	UAL	(0.56)	(1.48%)	1.90	5.02%	6.70	17.71%	31.53	3.17%	15.98	6.26%			1.40
Atlas Air Worldwide	AAWW	4.48	10.89%	3.90	9.48%	6.40	15.55%	43.25	2.31%	11.02	9.07%			1.60
Air T Inc	AIRT	0.66	5.51%	0.40	3.34%			10.18	9.82%			10.00	10.00%	0.65
Air Transport Services Grp.	ATSG	0.55	6.80%	0.50	6.18%			6.29	15.90%					1.65
FedEx Corp.	FDX	5.17	3.60%	5.70	3.96%	12.41	8.63%	110.04	0.91%	21.78	4.59%	18.00	5.56%	1.05
United Parcel Serv.	UPS	1.53	1.46%	4.75	4.52%	6.95	6.61%	88.66	1.13%	21.30	4.69%	19.00	5.26%	0.90

SUMS & AVERAGES

ALL		6.42%		6.21%		15.32%		5.85%		6.94%		6.82%		1.15
PASSENGER AIRLINES		6.85%		6.60%		17.00%		5.78%		7.25%		6.69%		1.14
MEDIAN OF PASSENGER AIRLINES		4.62%		5.27%		17.71%		5.31%		6.22%		7.14%		1.08
FREIGHT CARRIERS		5.65%		5.50%		10.27%		6.01%		6.12%		6.94%		1.17
MEDIAN OF FREIGHT CARRIERS		5.51%		4.52%		8.63%		2.31%		4.69%		5.56%		1.05

FOREIGN CARRIERS -British Air, World Air Holdings & WestJet Airlines Ltd.

Data not used because of outliers and bankruptcy

Overall Industry Beta = **1.15**
Passenger Beta = **1.10**
Freight Beta = **0.90**

* Bold denotes operations in Montana

** All **Negative** values left out of calculations

Notes/Rational for Changes to Guideline Companies

2014 NOTES

AMR. Corp merged with US Airways in December data no longer

MONTANA DEPARTMENT OF REVENUE

Dividend Growth Model

Industry: Airlines

2014 Assessment Year

$$K_E = D_1 / P_0 + G_A$$

KE= Cost of Equity

D1= Expected Dividends

Po= Current Price Per Share

G= Sustainable Growth

Scheduled Passenger Airlines

Company Name	Ticker	Stock Price (Po)	Expected Dividend 1 Year	Dividend Yield (D1/P0)	Dividend Growth (G ₁)	Ke 1 Year
Allegiant Travel	ALGT	105.44	Nil		NMF	
Alaska Air Group	ALK	73.37	0.80	1.09%	Nil	1.09%
AMR Corp.	AAMRQ					
Delta Air Lines	DAL	27.47	0.24	0.87%	NMF	0.87%
JetBlue Airways	JBLU	8.54	Nil		Nil	
Southwest Airlines	LUV	18.84	0.16	0.85%	37.00%	37.85%
US Airways Group	LCC	22.55	Nil		Nil	
Republic Airways Holdings Inc	RJET	10.69	Nil		Nil	
Spirit Airlines	SAVE	45.41	Nil		NMF	
SkyWest	SKYW	14.79	0.16	1.08%	4.00%	5.08%
United Cont'l Hldgs.	UAL	37.83	Nil		Nil	

Median= 3.09%

Mean= 11.22%

Cost of Equity - Domestic, (K_E) = 10.00%

Scheduled Freight Airlines

Company Name	Ticker	Stock Price (Po)	Expected Dividend 1 Year	Dividend Yield (D1/P0)	Dividend Growth	Ke 1 Year
Atlas Air Worldwide	AAWW	41.15	Nil		Nil	
Air T Inc	AIRT	11.97				
Air Transport Services Grp.	ATSG	8.09				
FedEx Corp	FDX	143.77	0.60	0.42%	8.00%	8.42%
United Parcel'B'	UPS	105.08	2.60	2.47%	7.50%	9.97%

Median= 9.20%

Mean= 9.20%

Cost of Equity - Freight, (K_E) = 9.20%

MONTANA DEPARTMENT OF REVENUE

**Capital Asset Pricing Model
Industry: Airlines
2014 Assessment Year**

$$K_E = R_F + \beta (R_M - R_F)$$

	Passenger	Freight
K_E = Cost of Equity	10.05%	8.95%
R_F = Risk Free Rate	3.96%	3.96%
β = Beta	1.10	0.90
R_M = Market Rate of Return	9.50%	9.50%
R_P = Equity Risk Premium ($R_M - R_F$)	5.54%	5.54%
Risk Premium other sources:		
Dr. Aswath Damodaran	http://pages.stern.nyu.edu/~adamodar/	1/1/2014 implied premium
Dr. Aswath Damodaran	http://pages.stern.nyu.edu/~adamodar/	1/1/2013 implied premium
Duff & Phelps	March 20, 2013 Table Equity Risk Premium	2/28/13 until further notice
	4.96%	5.78%
		5.00%

R_m = Investor's Market Rate of Return

2013 Not updated for 2014

Ibbotson, SBBI, Large Company, Average Annual Return, *Arithmetic Average, Ex-Post

Ibbotson, SBBI, Large Company, Average Annual Return, *Geometric Average, Ex-Post

3 Stage Dividend Growth Model, S & P 500, See Exhibit, Ex Ante

R_M =	11.80%
R_M =	9.80%
R_M =	9.00%
Mean =	10.20%
Median =	9.80%
R_M=	9.50%

R_f = Risk Free Rate

Internal Revenue Service, Rev Rule 2013-26 Table 2 December 9, 2013

Rev Rule 2012-31 Table 2

<i>Annual Rates</i>	Short Term - AFR	R_f =	0.25%
	Mid Term - AFR	R_f =	1.57%
	Long Term - AFR	R_f =	3.32%

The ValueLine Investment Survey January 10, 2014

U.S. Treasury Securities December 31, 2013

1 Year	R_f =	0.12%
10 Year	R_f =	3.03%
30 Year	R_f =	3.96%

Federal Reserve Statistical Release

Treasury constant Maturities, December 31, 2013

Market yield on U.S. Treasury securities, Annual Averages

1 year constant maturity, quoted on investment basis	R_f =	0.13%
10-year constant maturity, quoted on investment basis	R_f =	3.04%
30-year constant maturity, quoted on investment basis	R_f =	3.96%

U.S. Treasury Securities Long-Term December 31, 2013

20 year constant maturity	R_f = 3.72%
30 year constant maturity	R_f = 3.96%

Mean =	2.15%
Median =	3.03%
Weighted Mean =	2.75%

R_f = 3.96%

MONTANA DEPARTMENT OF REVENUE

Historical Stock Price Analysis From YAHOO Finance
Industry: Airlines
2014 Assessment Year

Ticker	Company		Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	End of Year Closing	4th Qtr Avg.	Annual Avg.	Yahoo P-E	Yahoo EPS 1st 12 mo
AAMRQ	AMR Corp.	high low	Merged with US Airways no longer available on Yahoo on Dec. 10, 2013																
AAWW	Atlas Air Worldwide	high low	\$47.47 \$42.73	\$48.54 \$43.59	\$47.45 \$40.49	\$41.04 \$37.10	\$47.24 \$36.61	\$47.79 \$43.34	\$46.41 \$42.06	\$48.44 \$42.21	\$48.79 \$45.00	\$50.98 \$36.97	\$39.48 \$36.24	\$41.41 \$36.50	\$41.15	\$40.26	\$43.25	8.70	4.48
AIRT	Air T Inc	high low	\$8.90 \$8.31	\$9.68 \$8.87	\$9.69 \$9.10	\$9.68 \$9.00	\$10.39 \$9.20	\$10.49 \$9.67	\$10.64 \$9.70	\$10.99 \$9.77	\$11.80 \$10.38	\$11.42 \$10.76	\$11.71 \$11.10	\$12.18 \$11.00	\$11.97	\$11.36	\$10.18	17.56	0.66
ALGT	Allegiant Travel	high low	\$78.85 \$72.17	\$82.00 \$72.73	\$89.46 \$80.03	\$93.47 \$82.79	\$95.77 \$86.99	\$108.56 \$92.51	\$109.72 \$91.06	\$98.76 \$92.27	\$106.81 \$91.28	\$109.56 \$96.69	\$114.77 \$102.94	\$112.87 \$102.75	\$105.44	\$106.60	\$94.37	23.09	4.67
ALK	Alaska Air Group	high low	\$47.83 \$43.32	\$51.96 \$45.77	\$64.55 \$51.31	\$64.50 \$56.35	\$68.00 \$55.15	\$58.24 \$50.31	\$62.96 \$51.16	\$63.46 \$56.20	\$64.74 \$56.07	\$71.44 \$60.26	\$78.53 \$70.51	\$78.39 \$69.61	\$73.37	\$71.46	\$60.03	11.11	6.66
ATSG	Air Transport Services Grp.	high low	\$4.70 \$4.08	\$5.55 \$4.55	\$6.09 \$5.32	\$5.89 \$5.23	\$6.27 \$5.36	\$6.85 \$5.88	\$7.19 \$6.38	\$6.93 \$5.95	\$7.70 \$6.28	\$8.00 \$6.64	\$7.89 \$6.75	\$8.20 \$7.25	\$8.09	\$7.46	\$6.29	14.05	0.55
DAL	Delta Air Lines	high low	\$14.20 \$11.97	\$14.90 \$13.16	\$17.25 \$14.26	\$17.33 \$13.94	\$19.43 \$16.68	\$19.05 \$16.94	\$22.01 \$18.30	\$22.05 \$18.53	\$24.10 \$19.57	\$26.72 \$23.63	\$29.44 \$26.05	\$29.42 \$26.40	\$27.47	\$26.94	\$19.81	11.53	2.42
FDX	FedEx Corp.	high low	\$103.14 \$93.37	\$107.50 \$101.45	\$109.66 \$95.30	\$99.53 \$90.61	\$103.05 \$91.84	\$103.47 \$94.60	\$108.98 \$97.54	\$113.34 \$106.54	\$118.31 \$106.38	\$133.84 \$111.25	\$140.55 \$130.25	\$144.13 \$136.27	\$143.77	\$132.72	\$110.04	27.118	5.17
GLUX	Great Lakes Aviation	high low	\$2.15 \$1.70	\$1.92 \$1.47	\$1.80 \$1.40	\$1.75 \$1.31	\$1.63 \$1.29	\$1.49 \$1.21	\$1.50 \$1.20	\$1.28 \$1.03	\$1.30 \$0.96	\$1.03 \$0.84	\$1.15 \$0.86	\$1.23 \$1.00	\$1.21	\$1.02	\$1.35	(12.39)	(0.09)
HA	Hawaiian Hldgs.	high low	\$7.30 \$5.52	\$5.97 \$5.31	\$6.48 \$5.62	\$5.90 \$5.18	\$6.04 \$5.31	\$6.42 \$5.77	\$7.88 \$6.02	\$7.80 \$6.90	\$7.78 \$6.96	\$8.58 \$7.35	\$9.24 \$8.08	\$9.76 \$8.61	\$9.63	\$8.60	\$6.91	15.84	0.58
JBLU	JetBlue Airways	high low	\$6.42 \$5.73	\$6.21 \$5.70	\$7.01 \$6.00	\$7.28 \$6.14	\$7.00 \$6.12	\$6.63 \$5.95	\$6.93 \$6.13	\$6.67 \$6.08	\$6.89 \$6.04	\$7.69 \$6.57	\$9.20 \$7.05	\$8.95 \$8.24	\$8.54	\$7.95	\$6.78	22.62	0.38
JLWT	Janel World Trade Ltd	high low	\$0.10 \$0.06	\$0.11 \$0.06	\$0.06 \$0.04	\$0.07 \$0.06	\$0.09 \$0.06	\$0.09 \$0.07	\$0.09 \$0.04	\$0.06 \$0.04	\$0.06 \$0.04	\$0.05 \$0.05	\$0.16 \$0.04	\$0.05 \$0.04	\$0.04	\$0.07	\$0.07	NA	(0.12)
LCC	US Airways Group	high low	\$15.64 \$13.60	\$15.40 \$12.70	\$17.43 \$13.32	\$17.13 \$15.03	\$19.70 \$16.60	\$18.20 \$15.59	\$19.49 \$16.04	\$19.59 \$15.28	\$19.48 \$16.11	\$23.16 \$18.98	\$25.49 \$21.60	\$23.62 \$21.45	\$22.55	\$22.38	\$17.94	7.72	2.92
LUV	Southwest Airlines	high low	\$11.62 \$10.36	\$11.90 \$11.15	\$13.58 \$11.66	\$13.77 \$12.45	\$14.56 \$13.40	\$14.28 \$12.79	\$14.02 \$12.58	\$14.24 \$12.64	\$14.82 \$12.73	\$17.34 \$14.48	\$18.98 \$17.20	\$19.00 \$17.73	\$18.84	\$17.46	\$14.05	21.35	0.86
PNCLQ	Pinnacle Airlines Corp	high low	Filed Bankruptcy is now a Delta subsidiary																
RJET	Republic Airways Holdings Inc	high low	\$9.39 \$6.05	\$9.94 \$8.22	\$11.95 \$9.22	\$11.82 \$9.44	\$11.70 \$10.14	\$11.60 \$9.56	\$13.88 \$11.09	\$13.92 \$10.81	\$13.51 \$11.17	\$12.68 \$10.76	\$12.47 \$9.69	\$11.24 \$9.17	\$10.69	\$11.00	\$10.81	21.71	0.47
SAVE	Spirit Airlines	high low	\$19.96 \$17.40	\$21.33 \$18.51	\$26.87 \$20.20	\$27.08 \$24.30	\$31.66 \$26.64	\$33.75 \$29.20	\$36.83 \$31.42	\$35.22 \$29.65	\$35.16 \$30.92	\$46.40 \$32.50	\$46.92 \$41.41	\$47.62 \$42.25	\$45.41	\$42.85	\$31.38	21.40	2.10
SKYW	SkyWest	high low	\$13.93 \$12.53	\$14.49 \$12.25	\$16.32 \$13.69	\$16.25 \$13.42	\$15.29 \$13.79	\$14.61 \$12.80	\$15.67 \$13.42	\$15.60 \$12.30	\$15.45 \$12.65	\$15.39 \$13.49	\$17.29 \$14.88	\$16.95 \$14.34	\$14.79	\$15.39	\$14.45	12.72	1.23

MONTANA DEPARTMENT OF REVENUE

Historical Stock Price Analysis From YAHOO Finance
Industry: Airlines
2014 Assessment Year

Ticker	Company														End of Year Closing	4th Qtr Avg.	Annual Avg.	Yahoo P-E	Yahoo EPS lst 12 mo
			Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13					
UAL	United Cont'l Hldgs.	high	\$26.37	\$27.22	\$32.95	\$32.69	\$35.27	\$33.59	\$36.74	\$35.94	\$34.45	\$34.34	\$40.19	\$39.62	\$37.83				
		low	\$23.62	\$23.89	\$26.58	\$27.90	\$31.58	\$29.00	\$30.05	\$27.32	\$28.39	\$29.11	\$33.61	\$36.39					
UPS	United Parcel Serv.	high	\$82.76	\$84.87	\$85.93	\$86.46	\$89.96	\$87.82	\$91.78	\$88.69	\$92.12	\$98.99	\$103.04	\$105.37	\$105.08	\$99.04	\$88.66	67.33	1.53
		low	\$75.02	\$79.00	\$82.28	\$81.95	\$84.65	\$84.20	\$85.25	\$85.18	\$85.70	\$88.45	\$97.75	\$100.65					
UTIW	Uti Worldwide Inc	high	\$15.19	\$15.94	\$16.05	\$14.80	\$16.29	\$16.55	\$17.02	\$17.62	\$17.38	\$16.18	\$15.96	\$17.70	\$17.56	\$15.80	\$15.52	NA	(1.62)
		low	\$13.34	\$14.39	\$14.00	\$13.78	\$14.13	\$14.87	\$15.66	\$15.96	\$14.61	\$14.56	\$15.00	\$15.41					
WJA.TO	WestJet Airlines Ltd.	high	\$22.90	\$22.86	\$25.00	\$25.47	\$25.05	\$23.00	\$22.99	\$22.72	\$25.12	\$27.24	\$28.71	\$28.99	\$27.85	\$27.10	\$23.71	14.38	1.96
		low	\$19.78	\$20.91	\$22.00	\$24.40	\$20.63	\$20.85	\$19.65	\$21.12	\$21.90	\$23.43	\$26.87	\$27.36					

MONTANA DEPARTMENT OF REVENUE

Support for Debt Rating
Industry: Airlines
2014 Assessment Year

**STANDARD & POOR'S BOND GUIDE
BOND CURRENT YIELD**

Company Name	Coupon	CUSIP	Issue	Maturity Date	S&P Bond Rating	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Avg Full Year	Avg 4th QTR
United Parcel Service of Amer	8.38	911308AA2	Deb	4/1/2020	A+	6.03	6.05	6.05	6.01	6.20	6.36	6.40	6.50	6.42	6.30	6.39	6.47	6.27%	6.39%
Federal Express	7.6	313309AP1	Nts	7/1/2097	BBB	5.09	5.13	5.17	4.93	5.30	5.68	5.75	5.98	5.90	6.03	6.21	6.30	5.62%	6.18%
FedEx Corp	8		Nts	1/15/2019	BBB	6.09	6.07	6.09	6.08	6.20	6.37	6.34	6.42	6.36	6.37	6.34	6.44	6.26%	6.38%
FedEx Corp	3.7875		Gtd NTs	8/1/2042	BBB	4.11	4.13	4.14	4.03	4.22	4.58	4.66	4.70	4.65	4.56	4.68	4.72	4.43%	4.65%
FedEx Corp	2.625		Gtd NTs	8/1/2022	BBB	2.68	2.67	2.67	2.63	2.72	2.83	2.94	2.88	2.86	2.82	2.86	2.90	2.79%	2.86%
Southwest Airlines Co.	7.375	844741AN8	Deb	03/01/2027	BBB-	6.45	6.42	6.39	6.04	6.20	6.47	6.51	6.67	6.50	6.41	6.49	6.56	6.43%	6.49%
Southwest Airlines Co.	5.25	844741AW8	Nts	10/01/2014	BBB-	4.90	4.94	4.96	4.97	4.98	5.00	5.02	5.03	5.04	5.05	5.07	5.08	5.00%	5.07%
Southwest Airlines Co.	5.12	844741AX6	Nts	03/01/2017	BBB-	4.66	4.66	4.66	4.59	4.66	4.73	4.75	4.77	4.64	4.64	4.66	4.71	4.68%	4.67%
Southwest Airlines Co.	5.75	844741AY4	Nts	12/15/2016	BBB-	5.10	5.11	5.12	5.09	5.11	5.15	5.18	5.18	5.15	5.13	5.13	5.16	5.13%	5.14%
AMR Corp.	9	001765AC0	Deb	09/15/2016	NR	9.83	8.29	7.86	7.75	7.50	7.82	7.65	9.11	8.49	7.74	7.37	7.43	8.07%	7.51%
AMR Corp.	10.2	001765AE6	Deb	03/15/2020	NR	11.27	9.44	8.92	8.86	8.55	8.83	8.71	10.35	9.62	8.77	8.24	8.21	9.15%	8.41%
AMR Corp.	9.88	001765AG1	Deb	06/15/2020	NR	10.91	9.14	8.64	8.59	8.28	8.51	8.44	10.03	9.32	8.49	7.93	7.84	8.84%	8.09%
AMR Corp.	10	001765AK2	Deb	04/15/2021	NR	11.04	9.25	8.68	8.62	8.36	8.62	8.51	10.12	9.43	8.60	8.16	8.15	8.96%	8.30%
AMR Corp.	9.75	001765AP1	Deb	08/15/2021	NR	10.77	9.02	8.53	8.47	8.17	8.36	8.33	9.89	9.19	8.38	7.99	7.86	8.75%	8.08%
AMR Corp.	9.8	001765AQ9	Deb	10/01/2021	NR	10.82	9.07	8.57	8.52	8.21	8.44	8.37	9.94	9.24	8.43	8.03	7.99	8.80%	8.15%
Delta Air Lines, Inc.	9.5		Sr Second Nt 144a	09/15/2014	NR	9.07	9.07	9.07	9.07	9.07	9.07	9.07	9.07	9.07	9.07	9.07	9.07	9.07%	9.07%
JetBlue Airways Corp.	5.5		Deb Conv Ser A	9/15/2038	NR	4.11	3.97	3.56	3.59	3.96	4.03	3.76	3.97	3.74	3.47	2.78	5.50	3.87%	3.92%
Counts of data						17	17	17	17	17	17	17	17	17	17	17	17	17	17

NOTES:

Data downloaded from the S&P website and missing data supplemented from month end Bond Guides when available.

means the data was not available in S&P Guide

means issuance matured or called

S&P Bond Rating	ALL		Freight Only		Passenger Only	
	Annual	4th Qtr	Annual	4th Qtr	Annual	4th Qtr
A	6.27%	6.39%	6.27%	6.39%	---	---
BBB's	5.04%	5.18%	4.78%	5.02%	5.31%	5.34%
NR	8.19%	7.69%	---	---	8.19%	7.69%
ALL	6.60%	6.43%	5.07%	5.29%	7.23%	6.91%
BBB- & Above	5.18%	5.31%	5.07%	5.29%	5.31%	5.34%

**Investment Grade (BBB- & Above)*

MONTANA DEPARTMENT OF REVENUE

Support for Debt Rating
Industry: Airlines
2014 Assessment Year

**STANDARD & POOR'S BOND GUIDE
BOND YIELD TO MATURITY**

Company Name	Coupon	CUSIP	Issue	Maturity Date	S&P Bond Rating	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Avg Full Year	Avg 4th QTR
United Parcel Service of Amer	8.38	911308AA2	Deb	4/1/2020	A+	2.43	2.45	2.40	2.23	2.71	3.15	3.20	3.45	3.17	2.76	2.98	2.95	2.82%	2.90%
FedEx Corp	8		Nts	1/15/2019	BBB	2.33	2.29	2.34	2.32	2.68	3.24	2.37	2.68	2.46	2.48	2.39	2.73	2.53%	2.53%
FedEx Corp	2.625		Gtd Nts	8/1/2022	BBB	2.88	2.83	2.85	2.66	3.09	3.59	3.61	3.81	3.71	3.54	3.71	3.90	3.35%	3.72%
Federal Express	7.6	313309AP1	Nts	7/1/2097	BBB	5.06	5.10	5.14	4.90	5.28	5.66	5.74	5.97	5.89	6.02	6.21	6.29	5.61%	6.17%
FedEx Corp	3.7875		Gtd Nts	8/1/2042	BBB	4.22	4.24	4.27	4.03	4.37	4.88	5.00	5.04	4.98	4.86	5.00	5.07	4.66%	4.98%
Southwest Airlines Co.	7.375	844741AN8	Deb	03/01/2027	BBB-	5.86	5.81	5.76	5.12	5.41	5.87	5.94	6.20	5.92	5.75	5.89	6.00	5.79%	5.88%
Southwest Airlines Co.	5.25	844741AW8	Nts	10/01/2014	BBB-	1.04	1.35	1.39	1.28	1.26	1.30	1.41	1.22	1.27	1.05	1.08	0.96	1.22%	1.03%
Southwest Airlines Co.	5.12	844741AX6	Nts	03/01/2017	BBB-	2.54	2.52	2.48	1.98	2.34	2.75	2.84	2.88	1.95	1.90	1.97	2.29	2.37%	2.05%
Southwest Airlines Co.	5.75	844741AY4	Nts	12/15/2016	BBB-	2.33	2.31	2.29	2.06	2.06	2.27	2.36	2.29	2.04	1.78	1.70	1.77	2.11%	1.75%
AMR Corp.	9	001765AC0	Deb	09/15/2016	NR	11.94	6.28	4.43	3.89	2.61	3.98	3.08	9.47	6.73	3.05	0.99	1.73	4.85%	1.92%
AMR Corp.	10.2	001765AE6	Deb	03/15/2020	NR	12.22	8.65	7.53	7.37	6.62	7.24	6.95	10.52	8.95	6.99	5.65	5.37	7.84%	6.00%
AMR Corp.	9.88	001765AG1	Deb	06/15/2020	NR	11.84	8.38	7.30	7.15	6.43	6.94	6.74	10.18	8.67	6.79	5.38	5.33	7.59%	5.83%
AMR Corp.	10	001765AK2	Deb	04/15/2021	NR	11.83	8.60	7.46	7.31	6.76	7.27	7.01	10.23	8.89	7.14	6.15	5.97	7.89%	6.42%
AMR Corp.	9.75	001765AP1	Deb	08/15/2021	NR	11.52	8.40	7.43	7.30	6.66	7.04	6.95	10.02	8.67	7.00	6.12	5.90	7.75%	6.34%
AMR Corp.	9.8	001765AQ9	Deb	10/01/2021	NR	11.55	8.46	7.50	7.37	6.74	7.19	7.02	10.07	8.74	7.08	6.20	6.12	7.84%	6.47%
Delta Air Lines, Inc.	9.5		Sr Second Nt 144a	09/15/2014	NR	6.88	6.88	6.88	6.88	6.88	6.88	6.88	6.88	6.88	6.88	6.88	6.88	6.88%	6.88%
JetBlue Airways Corp.	5.5		Deb Conv Ser A	9/15/2038	NR	3.49	3.27	2.59	2.66	3.22	3.34	2.88	3.22	2.85	2.39	1.02	5.49	3.04%	2.97%
Counts of data						17	17	17	17	17	17	17	17	17	17	17	17	17	17

Data downloaded from the S&P website and missing data supplemented from month end Bond Guides when available.

means the data was not available in S&P Guide
means issuance matured or called
means 20 year plus bond
longest term passenger bonds

	ALL				20 YEAR PLUS BONDS			
	Annual	4th Qtr	Annual	4th Qtr	Annual	4th Qtr	Annual	4th Qtr
A	2.82%	2.90%	2.82%	2.90%	---	---	---	---
BBB's	3.45%	3.51%	4.04%	4.35%	2.87%	2.68%	5.13%	5.58%
NR	6.71%	5.35%	---	---	6.71%	5.35%	---	---
ALL	4.95%	4.34%	3.79%	4.06%	5.43%	4.46%	5.13%	5.58%
BBB- & Above	3.38%	3.45%	3.79%	4.06%	2.87%	2.68%	5.13%	5.58%

***Investment Grade (BBB- & Above)